

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BEREA COLLEGE)	
ELECTRIC AND WATER UTILITIES)	
FOR CERTIFICATES OF PUBLIC)	CASE NO. 9945
CONVENIENCE AND NECESSITY)	

O R D E R

On June 4, 1987, Berea College Electric and Water Utilities ("Berea") filed an application seeking authority to issue long term debt in the form of Berea College Collateralized General Obligation Bonds, due on or before June 1, 1997, with an aggregate principal value of \$6,000,000. The bonds would be sold at par and carry an expected rate of interest of 9 percent to 9-1/4 percent per annum. The exact rate would be subject to market conditions at the time the bonds are sold. The bonds will be rated "Aaa" by Moody's and will be sold only within the Commonwealth of Kentucky.

Berea would use the proceeds from the issuance of such bonds, as follows:

1. To retire long term indebtedness, due on July 1, 1987, in the amount of \$4.5 million, owed to First National Bank of Cincinnati, Cincinnati, Ohio.
2. To retire an indebtedness in the amount of \$1,375,000 due Berea College Current Restricted Fund.
3. To pay issuance fees of \$125,000.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that the issuance of the above securities by Berea is for the lawful object within the corporate purposes of Berea's utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public, and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Berea be and it hereby is authorized to issue, sell, and deliver long term debt in the form of Berea College Collateralized General Obligation Bonds, subsequent to the issuance of this Order, with an aggregate principal value not to exceed \$6 million in an underwritten public offering, through either negotiated sale or competitive bidding, or private placement transaction utilizing the proper documentation.

2. The terms and interest rate(s) of the Berea College Collateralized General Obligation Bonds shall be determined in negotiations between Berea and the purchasers or through competitive bidding. The exact interest rate will be subject to market conditions at the time the bonds are sold. The final maturity date of the bonds will be June 1, 1997.

3. The proceeds from the transactions authorized herein shall be used only for the lawful purposes as set out in the application.

4. Berea shall, as soon as reasonably possible after the issuance of the securities referred to herein, file with the

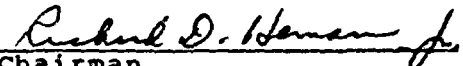
Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

5. These transactions shall be recorded in accordance with the Uniform System of Accounts as prescribed by this Commission.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 19th day of June, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director